FILE COPY

FEB 26 193

In the Supreme Court of the United States.

OCTOBER TERM, 1931

No. 506

AMERICAN TRADING COMPANY, *Petitioner,*

vs.

H. E. HEACOCK, CO., *Respondent.*

No. 507

WM. A. ROGERS, LTD., AND AMERICAN TRADING COMPANY, *Petitioners,*

vs.

H. E. HEACOCK, CO., *Respondent.*

REPLY BRIEF ON BEHALF OF PETITIONERS

WILLIAM CATTRON RIGBY,
MINTURN DE S. VERDI,
JAMES J. KENNEDY,
MARION L. SEVERN,
of Counsel.

HARRY D. NIMS,
Attorney for Petitioners.

SUBJECT-INDEX

	Page
Respondent's Admission	1–2
Interstate Commerce	2–3
No Unfair Competition	3–4
No Trade-Mark Use by Heacock	4–6
"Good Faith."—Respondent's Notice of Our Registered Marks	6–8
Hanover Star Milling and Rectanus Cases	8–14
Protection of Trade-Marks Registered Under Federal Act of 1905	14–18
Hanover and Rectanus Cases Limited by the Facts in Those Cases.—Element of Good Faith	18–24
Facts *dehors* the Record	25
Quality	25–26
Misunderstanding of Source of Goods	26–27
Respondent's Appendix of "Rogers" Cases	27–28

TABLE OF CASES

Allen & Wheeler Co. vs. *Hanover Star Milling Co.*, 240 U. S. 403	12
Am. Washboard Co. vs. *Saginaw Mfg. Co.*, 103 U. S. 281	27
Ammon & Pearson vs. *Naragansett Dairy Co.*, 262 Fed. 880	19–20
Same vs. *Same* (District Court), 254 Fed. 208	19
Andrew Jergens Co. vs. *Woodbury*, 273 Fed. 952	27
Same case, *affirmed*, 279 Fed. 1016	27
Armstrong Cork Co. vs. *Ringwalt Linoleum Works*, 236 Fed. 238	27
Aunt Jemima Mills Co. vs. *Rigney*, 247 Fed. 407	18
Baglin vs. *Cusenier Co.*, 221 U. S. 580	9
Ball and Gunning Milling Co. vs. *Mammoth Spring Milling Co.*, 9 T. M. Rep. 73	15
Borden Ice Cream Co. vs. *Borden's Condensed Milk Co.*, 201 Fed. 510	27
Buckspan vs. *Hudson's Bay Co.*, 22 F(2d) 721	23, 24
Canal Co. vs. *Clark*, 13 Wall (80 U. S.) 311	27
Cohen vs. *Nagle*, 190 Mass. 4	26
Corn Products Co. vs. *Eddy*, 249 U. S. 427	2

Page

Davids Co. vs. *Davids*, 233 U. S. 461 ..... 9, 13
General Baking Co. vs. *Gorman*, 3 F(2d) 891 20–21
Same case (District Court), 295 Fed. 168 20
The Governor, etc., Trading into Hudson's Bay vs. *Hudson Bay Fur Co.*, 33 F(2d) 801 23–24
Hamilton-Brown Shoe Co. vs. *Wolf Bros. & Co.*, 240 U. S. 251 10–11
Hanover Star Milling Co. vs. *Metcalf*, 240 U. S. 403 ..... 8–9, 10–12, 18
Hanover Star Milling Co. vs. *Allen & Wheeler & Co.*, 208 Fed. 513 .....
Hebe Company vs. *Shaw*, 248 U. S. 297 2
Jacobs vs. *Iodent Chemical Co.*, 41 F(2d) 637 16–17
Kuhn & Sons vs. *Letts*, 285 Fed. 970 ..... 4, 15
Larson vs. *Wrigley*, 20 F(2d) 830 16
Lawrence-Williams Co. vs. *Societé Enfants Gombault et Cie* 10, 18
Letts vs. *Kuhn & Sons*, M. S. D. C. 285, 9 T. M. Rep. 315 ..... 4, 14–15
Macy & Co. vs. *Macys Inc.*, 39 F(2d) 186 ..... 18, 24
McDermott vs. *Wisconsin*, 228 U. S. 115 2
Metcalf vs. *Hanover Star Milling Co.*, 204 Fed. 211 1
Mills vs. *Green*, 159 U. S. 651 25
Munoz vs. *Struckman*, 9 Phil. Rep. 52 7
National Circle Daughters of Isabella vs. *National Order D. I.*, 270 Fed. 723 18
Rectanus Co. vs. *United Drug Co.*, 226 Fed. 545 ..... 12, 18
Royal Baking Powder Co. vs. *Fed. Trade Comm.*, 281 Fed. 744 27
Savage vs. *Jones*, 225 U. S. 501 2
Standard Brewery Co. vs. *Interboro Brewing Co.*, 229 Fed. 543 14
Sweet Sixteen Co. vs. *Sweet "16" Shop*, 15 F(2d) 920 ..... 22–23, 24
Terminal Barber Shop vs. *Zoberg*, 28 F(2d) 807 23
Ubeda vs. *Zialcita*, 226 U. S. 452 6
United Drug Co. vs. *Rectanus*, 248 U. S. 90 ..... 8–9, 12–13, 14–15
United States Printing Co. vs. *Griggs*, 279 U. S. 156 13
Upjohn Co. vs. *Merrell Chemical Co.*, 269 Fed. 209 11

Page

Vermont Maple Syrup Co. vs. *Johnson Maple Syrup Co.*, 272 Fed. 478 21–22

Western Oil Refining Co. vs. *Jones*, 27 F(2d) 205 18

William A. Rogers vs. *William Rogers Mfg. Co.*, 70 Fed. 1019 8

William A. Rogers vs. *William Rogers Mfg. Co.*, 84 Fed. 639 8

Same vs. *Same*, 95 Fed. 1007 8

Wolf Bros. & Co. vs. *Hamilton-Brown Shoe Co.*, 206 Fed. 611 11

In the Supreme Court of the United States

OCTOBER TERM, 1931

No. 506

AMERICAN TRADING COMPANY, *Petitioner*,

vs.

H. E. HEACOCK CO., *Respondent*.

No. 507

WM. A. ROGERS, LTD., AND AMERICAN TRADING COMPANY, *Petitioners*,

vs.

H. E. HEACOCK CO., *Respondent*.

ON WRIT OF CERTIORARI TO THE SUPREME COURT OF THE PHILIPPINE ISLANDS

REPLY BRIEF ON BEHALF OF PETITIONERS

RESPONDENT'S ADMISSIONS

Respondent's brief seems to simplify the issues on this appeal. Apparently Respondent admits that the decision below was erroneous, in that it forbids importation (P. 50); Respondent suggests modification of the judgment (id); it admits that the judgment is "ambiguous" (id); it seems to admit that the judgment is erroneous in holding that the Act of 1905 does not extend to the Islands (P. 39, 51); it suggests that the judgment goes farther than respondent ever intended or even prayed in the complaint,

in that it not only forbade sale but even importation (id), and that the whole issue is merely a local one (id).

Interstate Commerce

Since Respondent does not now contend for injunction against *importation* of our goods, the issue is reduced to the validity of the provisions of the injunction against sale. So long as the injunction against importation was contended for, the sale provision was not important, for our goods could not even enter the Islands. Now evidence as to how our goods are sold, whether in interstate commerce or not, becomes vital because of the rule that commerce under the control of the Congress may not be interfered with by local courts, regulations or statutes (See authorities foot-note page 29 main brief). On this point the evidence seems definite: 95% of the exports of Wm. A. Rogers, Ltd., to the Islands are shipped direct to the dealers by what is called "indent" (R. 101, 102, 114, 115, see also 62, 66, 85). 5% are shipped to petitioner Trading Company. And it is too well settled by the decisions of this court to seem to require further argument that the right thus to bring the goods into the Islands in interstate commerce necessarily entails the right to sell them there, and to deliver them to customers. (Cases cited in our main brief, pp. 28-29; and see also *McDermott* vs. *Wisconsin*, 228 U. S. 115, 134-137; *Savage* vs. *Jones*, 225 U. S. 501, 520; *Hebe Company* vs. *Shaw*, 248 U. S. 297, 304; *Corn Products Co.* vs. *Eddy*, 249 U. S. 427, 432.)

That is all that petitioners have been doing in the Islands; importing and selling in original packages.

In both instances the goods remain in original packages. The Trading Company does not sell at retail (R. 32). Its sales also are in original packages (R. 123). The commerce in which both petitioners engage is solely within the control of Congress.

We believe, therefore, that the judgment below was erroneous, not only because it is based on a registration under Act 666, which registration constitutes, as to both petition-

ers, an improper interference with commerce solely within the control of Congress, but that the judgment is erroneous also on the other theory relied on, i.e., unfair competition, for the judgment on that basis also is an improper interference with such commerce.

No Unfair Competition

Heacock's action is purely statutory, being based on Act No. 666.

There is no evidence of confusion resulting from the acts of either of the petitioners. Neither of them advertises, except to furnish cuts for dealers' catalogues, but none of these are in evidence. Neither is shown to have made any misrepresentation. In fact, the only acts alleged to constitute unfair competition are:

1. Importing and selling goods marked with the name Wm. A. Rogers;
2. Imitating Heacock's goods by marking this name on the back of the handles;
3. Using "precisely the same designs as those on the goods imported and sold by plaintiff" (Com. Par VI).

But the charge of similarity of design is not proved (See exhibits and R. 59-60.)

The only testimony of any act that might be called unfair to Heacock is the suggestion by a salesman of ours that a dealer should buy our goods because "the Rogers trade-mark is famous and you can do good business," (R. 67). This was an honest statement. "Rogers" was not Heacock's trade-mark. Rogers did not mean to these dealers Heacock's goods only. These witnesses did not use it in that way. "From Rogers" (R. 63); "Heacock's Rogers" (R. 71); "other Rogers"; "these Rogers"; "any Rogers" "From Rogers," "Same Rogers"; "cheap Rogers" (R. 71); "Rogers ware like the Rogers ware of the firm Heacock" are phrases used on three pages of this record (R. 63, 71, 72).

The goods of petitioners are identical with those sold by it in the United States (R. 424-35). The charge that it

is fraud to put the name of the maker on the handles of the flat ware is, of course, absurd, for it is common knowledge that that has been done for generations. The only charge then to be considered is whether or not the mere use of the name Wm. A. Rogers is fraud.

In substance then the contention of the respondent is that the owner of a registered trade-mark may not export to the Islands his goods carrying such trade-marks and deliver them to consignees there in original packages, free from interference by local courts and statutes; that such a right is not part of the rights obtained by registration; that if one of his competitors happens to have outstripped him in exporting to the Islands, his registrations may become valueless on the basis of unfair competition. Such a limitation on trade-mark rights, as Ex-Commissioner of Patents Newton points out in the *Letts*[1] case, would require separate registrations of the same mark for different places to different people, and would require further an amendment of the statute.

To serve as a basis for such a drastic new construction of the act, the pleadings should be sound; the evidence of passing off beyond question. Neither condition exists here.

The pleadings do not state a cause of action in Heacock for unfair competition. They allege that his goods are known not as goods emanating from him and no one else, but merely as "Rogers flat ware" (which may mean not his goods at all, but the goods of some one else). The complaint does not allege facts on which any exclusive right to the name in Heacock necessarily results. He does not even allege that he has been the sole importer of "Rogers" goods prior to bringing this suit. This allegation is lacking for the obvious reason that it could not truthfully be made.

No Trade-Mark Use by Heacock

The evidence shows that Heacock never used ROGERS as a trade-mark. He never affixed it to any goods, or

[1] Letts vs. Kuhn & Sons, M. S. D. C. 285, 9 T. M. Rep. 315; affirmed by the Court of Appeals of the District of Columbia, 285 Fed. 970.

caused it to be so affixed. He merely sold the general run of the Silver Company's goods. He never manufactured any goods. Always he has acted as somebody else's agent; always he has sold other people's goods under other people's trade-marks. All of the trade-marks which he used are registered by other people under the Act of 1905; all of his goods come to him in interstate commerce. The claim which is asserted on his behalf here is that because he was first in the Islands with marks on silverware that include the word ROGERS, which, as Respondent points out in its brief (P. 60) has always been popular, and because he happened for a time to be the only concern using such trade-mark, he, not the Silver Company, now owns all these trade-marks so far as the Islands are concerned.

But facts as shown prove that it was impossible that this could be, for in the very period when Heacock claims the word ROGERS meant him alone, the International Silver Company, itself, was advertising these very trade-marks in connection with its own name and without any mention of Heacock in periodicals like the Saturday Evening Post, which circulated in the Islands (R. 52, 155-8). It is against common sense to believe that everybody in the Islands, including the numerous Americans, reading these periodicals, believed that the well known word ROGERS in connection with silver, was the sole trade-mark of an obscure jewelry store in Manila.

But this is not all. Heacock has very carefully abstained from producing copies of his advertising. The first he produced is dated 1905, and the last 1928. What he did to substantiate this remarkable claim of his in the meantime is left completely in the dark. In 1928, however, he advertised his goods thus: "In that year 1847, Rogers Bros. silver-plate was born" (R. 42, 154-155). And again he said that his goods are "silver plated ware that has stood the test of 80 years service" (R. 155); although the Heacock concern did not start until 1901. Obviously Heacock was advertising as an importer, and it was so understood by the trade. Tupas, a dealer whom he called, de-

fined the word ROGERS thus, "what I can say is that from the time I was an agent until now I have understood that the sole importer of Rogers table ware is the firm Heacock" (R. 70). And this was true up to 1924, but after that the picture changed. For Valera, another of Heacock's witnesses, says: "as a rule a majority of buyers, upon entering, ask for Rogers table ware. Of 100 buyers barely seven or ten ask for any other make. They ask for nothing but Rogers, always the trade-mark Rogers. Q: And do the people make a distinction as to whether it is Rogers Bros. or Wm. A. Rogers, Ltd.? A: No, sir, the people only notice Rogers" (R. 69). Mr. Valera also said, "what I can say is that all the silver ware that they call Rogers silver, which is plated, is sometimes marked with the word Rogers Bros. and a number 1847, something like that, and sometimes 1881 Rogers, which is well known, and other similar marks, but it always bears the word ROGERS." (R. 79.)

Good Faith

To sustain its position as to unfair competition Respondent relies on the Hanover cases and the Rectanus case. But the outstanding factor of these cases, and the cases which follow them, is that good faith is of paramount importance in the use of trade-marks. This is true also in the Philippines. *Ubeda v. Zialcita*, 226 U. S. 452.

Respondent's Notice of Our Registered Marks

If the test of good faith is to be applied to this claim of unfair competition, we note that the competition is not between Heacock and the petitioners primarily, but it is between the goods of the Silver Company and those of Wm. A. Rogers, Ltd. This incident is but a part of the struggle to supply the demand for Rogers goods. For years, as shown by the cases which involve the name, the Silver Company has sought to monopolize the term ROGERS (*simpliciter*). It has failed. The situation today is stated by Judge Manton, "neither the plaintiff (Wm. A. Rogers, Ltd.) nor the International Silver Company has the right

to the name Rogers *per se*, etc." (See main brief P. 7). Applying the test of good faith further still, the president of the Heacock Company testified, "The International Silver Company knew of and consented previously to the registration of that trade-mark" (R. 46-47). He testified that Heacock had correspondence on this subject with the Silver Company (R. 47). He refused to produce it (R. 47.) We don't know what was in this correspondence, but we do know that the "rules and regulations" governing registrations under Act 666 (R. 404-406), require that an importer shall not register a trade-mark of his principal without first signing "a document duly executed and signed by the owner of the mark, authorizing such importer to register the mark in the latter's name." Heacock never filed such a consent.

In other words, good faith was lacking. The registration was gotten through without written consent of the Silver Company, which thus retained control of it. The idea apparently was that the registration would be good against competitors, but not good against the Silver Company, if it became desirable for the Silver Company to change agents. Naturally, Heacock refused to produce the correspondence.

> "When the defendant, Besolt & Locke, through its authorized agents, arranged with the plaintiff and its predecessors to sell the machines in question in the Philippine Islands, as agents, it certainly did not consent that the market which the plaintiff might create in favor of the said machines should be appropriated by the plaintiff.
>
> "There is nothing in the record that shows that the defendant might not have withdrawn the right of the plaintiff to sell the machines within the Philippine Islands, and have appointed another agent at any time." *Munoz* v. *Struckman*, 9 Philippine Rep., 52 (1907).

It may fairly be asked, then, if, under the circumstances here, unfair competition exists merely because petitioners sell goods marked "Wm. A. Rogers!" If there be any confusion, it would be between goods marked by our reg-

istered trade-mark "Wm. A. Rogers," and those bearing the registered trade-marks of the Silver Company. To sustain this judgment on such a basis would be to void our registration as to part of our interstate commerce, and would be to hold that one of two competitors after having full knowledge of the other's rights may appropriate the other's marks merely by being first on the ground, thus making the acquisition of trade-marks rights a race to be the first to occupy new territory.

Hanover Star Milling and Rectanus Cases

The rule of the *Hanover* and *Rectanus* cases is not applicable here:

1. Because these cases involved only intrastate commerce, and this cause involves *only* commerce between the Islands and the United States.

2. Because the marks used by petitioners here are federally registered, while those involved in the *Hanover* and *Rectanus* cases were not so registered.[1]

3. Because the defendants in these cases built up good will in good faith and without knowledge of the trade-marks of the plaintiff. Here Heacock (as agent of the Silver Company) is charged with knowledge of his principal, and the Silver Company is shown to have had actual knowledge of trade-marks of Wm. A. Rogers, Ltd., from litigation between it and Wm. A. Rogers, Ltd., before it first exported to the Islands in 1901 (R. 35), and before Heacock registered the word ROGERS in the islands.[2] Did it not control this registration (R. 46), the Silver Company, itself, would be the first to attack it.

4. The court expressly reserved the question of expansion of trade; also cases where the first to use the mark in the territory in question had notice of the others' use. The Hanover case decision was based, not on use of a trade-

---

[1] In the Rectanus case there was registration under the former Act of 1881, only. That Act, as the court there expressly notes (248 U. S., at pp. 99-100), did not extend to interstate commerce, but only to foreign commerce and that with the Indian tribes.

[2] William A. Rogers vs. William Rogers Mfg. Co., 70 Fed. 1019 (1905); William A. Rogers vs. William Rogers Mfg. Co., 84 Fed. 639; 95 Fed. 1007 (1899). See footnote main brief, page 7.

mark, but on other acts such as copying, dress of package, etc., and held that "Tea Rose" had acquired a "secondary meaning" in Alabama. The decision being based on unfair acts committed in Alabama, the common law of that state controlled. Justice Holmes said: "I do not believe that a trade-mark established in Chicago could be used by a competitor in some other part of Illinois on the ground that it is not known there. I think if it is good in one part of the state it is good in all"; and he emphasized the idea that trade-mark rights, under whatever jurisdiction they exist, are coterminous with that jurisdiction.

Here the jurisdiction involved is the trade relations with the islands in sole control of Congress.

The courts have construed these cases not as laying down a general rule, but as involving exceptional instances where the existence of good faith on the part of defendants required that an exception be made to the general rule; that regardless of territory, one of two competitors may not knowingly infringe the other's trade-marks.

In *Baglin* v. *Cusenier*, 221 U. S. 580 (1901), note, page 601, this court approved a decree reading:

> "It is * * * decreed that defendant * * * be * * * enjoined from using in this country, or in any possession thereof * * * the trade-mark 'Chartreuse' or any colorable imitation thereof * * * or any of the trade-marks above referred to, or any colorable imitation thereof; and they and each of them are likewise perpetually enjoined from importing or putting out * * * within this country or in any possession thereof any liquer," etc.

Davids Co. v. *Davids*, 233 U. S. 461 (1914), rights of a registrant under the Act of 1905, deals with a registration of a personal name under the ten-year proviso. The opinion states that while

> "the registration for which the statute provides was not designed to confer a monopoly of the use of surnames, * * * as such" (P. 470) nevertheless "definite rights were conferred by the registration."

The opinion adds:

> "Having the right to register its mark, the complainant was entitled to its protection as a valid trade-mark under the statute. As defined in Section 29 (33 Stat. 731) 'the term 'trade-mark' includes any mark which is entitled to registration under the terms of this act.' The defendants, however, insisted below, and urge here, that although the mark was registrable it was not susceptible of ownership and hence that the complainant could not maintain a suit for injunction, profits and damages, as provided in the statute, for the reason that the remedies it affords are available only to 'owners' (sections 16, 19). That is to say, that registration was expressly permitted but that protection to the registrant was denied. This interpretation of course, would render the ten-year proviso meaningless by stripping it of practical effect. It was not the intention of Congress thus to provide for a barren notice of an ineffectual claim, but to confer definite rights. The applicant, who by virtue of actual and exclusive use is entitled to register his mark under this clause, becomes on due registration the 'owner' of a 'trade-mark' within the meaning of the act, and he is entitled to be protected in its use as such." (P. 469).

Hamilton-Brown Shoe Company v. *Wolf Brothers & Co.*, 240 U. S. 251 (Feb. 21, 1916). In this case the marks were not registered. An accounting was ordered which permitted the plaintiff, a trade-mark owner, to recover profits from the sale of the defendant's infringing article in *territory in which the plaintiff's goods had never been sold.* Of this case, Judge Denison says in *Lawrence-Williams Co.* v. *Societe Enfants Gombault et Cie*, 52 F. (2d) 774, 777:

> "The opinion does not stress the collateral and appurtenant character of the trade-mark rights (1); it indicates, rather—though it does not expressly declare—an absolute right to recover the infringer's profits regardless of the extent of the plaintiff's business. An examination of the record and briefs shows that there were parts of the country—practically whole states—in which plaintiff, its business and its trade-mark, were unknown, and yet plaintiff was permitted to recover defendant's profits in these regions. The principle

seems to be that as to territory unreached by plaintiff's trade, (2) it may be inferred that there was a latent demand for plaintiff's goods which it would eventually have supplied, except for the infringement, and hence it has sufficient equitable right to the infringer's profits.

Footnotes (1) Although in the same volume and written by the same Justice as the Hanover opinion.
(2) And in the absence of any conflict of ownership in the same "trade-mark."
(Both footnotes are by Judge Denison).

The *Hamilton-Brown* case was not mentioned in the *Rectanus* opinion.

In an earlier opinion, in *Upjohn Co.* v. *Wm. S. Merrell Chemical Co.*, 269 Fed. 209, 6th Cir., 1920, Judge Denison had written (P. 211):

> "It may be the essential theory of that opinion that there is no difference, as to the basis of the right to exclude others, between the case of the arbitrary trade-mark and the case of the descriptive word. Yet that court had recently held (*Hamilton Co.* v. *Wolf*, 240 U. S. 251, 36 Sup. Ct. 269, 60 L Ed. 629) that the trade-mark owner could recover all the profits realized by the infringer. The opinion of Judge Hook (206 Fed. 611, 619, 124 C. C. A. 409) sufficiently indicates that the award which the Supreme Court affirmed included all the infringer's profits, without regard to whether plaintiff's trade had ever reached the locality of the infringing sale. It may be thought that the complete affirmance of the entire award can rest only on the theory (stated by Judge Hook, 206 Fed. 619, 620, 124 C. C. A. 409) that a technical trade-mark, adopted and used, gives an exclusive right projected into territory which plaintiff's trade has not yet entered. Of course, no inconsistency between the *Hamilton* and the *Rectanus* cases can have been intended."

In *Hanover* v. *Metcalf*, 240 U. S. 403 (March 6, 1916) Justice Holmes pointed out that in that case the court was dealing only with *intra*state commerce,

> "but I think it necessary to go farther even on the assumption that we are dealing with the question of trade-marks in the several States only so far as commerce among the States is not concerned. The ques-

tion before us on that assumption is a question of State Law," (P. 424).

In the Hanover case the marks involved were *not* registered (pp. 410-411). The unfair competition which the Court condemned was the passing off by a local dealer (Metcalf) of goods not plaintiff's as the plaintiff's by means of the use of exactly the same trade-mark ("Tea Rose") as the plaintiff's—and a close imitation of plaintiff's package.

The Hanover-Metcalf case was unique.

> "The case is peculiar in its facts; and we have found none precisely like it. The recent case of *Rectanus* v. *United Drug Co.* (C. C. A., 6th), 227" (226) "Fed. 545, 549, 553, is closely analogous." (P. 420.)

Allen & Wheeler v. *Hanover* also involved unregistered trade-marks and *intra*-State commerce. There was no unfair competition (page 411). It was a pure trade-mark case, at common law. Each party knew of the other's use of the term "Tea Rose" in some instances, but the building up of the trade there involved was apparently without notice or knowledge, for the Court says—

> "that the Hanover Company in good faith and without notice of the Allen & Wheeler mark" (page 419).

This decision is carefully limited by the Court to the peculiar circumstances there involved (page 420).

It involves a case where it was an attempt to

> "take the trade and good-will of the latter company —built up at much expense and without notice of the former's right" (page 420).

United Drug Co. v. *Rectanus*, 248 U. S. 90 (1918), involved a registered trade-mark (Act of 1881), and its contemporaneous use at distant points (Massachusetts and Tennessee) by parties, each in ignorance of the use of the other (P. 100) and in good faith (P. 101). The plaintiff's registration was under the Act of 1881 (P. 94, 99) which

> "applied only to commerce with foreign nations or Indian tribes, with either of which this case has nothing

to do. This registration was not renewed under the Act of 1905" (P. 100).

So that so far as the instant case is concerned, no registered trade-mark was involved in the Rectanus case, because the Act of 1881 did not provide for registration of marks used in interstate commerce. Also in that case both parties acted "in perfect good faith, neither side having any knowledge or notice of what was being done by the other" (P. 96). This case, also, Justice Pitney pointed out involved an exceptional situation.

United States Printing, etc., v. *Griggs*, 279 U. S. 156 (1929) involved a registered trade-mark "Home Brand." It holds that the Act of 1905 allows no remedy

> "within the limits of the State and not affecting the commerce named" (P. 158; i.e., interstate commerce). The Act does not "enlarge common law rights within a State where that mark has not been used."

No interference with interstate commerce was involved. (P. 157).

Of the above cases the only ones which involve registrations under the Act of 1905 are *Davids Co.* v. *Davids*, which does not involve the territorial extent of trade-mark rights at all, and *U. S. Printing*, etc., v. *Griggs*, which concerned intrastate trade only.

These cases seem to hold that trade-marks used in interstate or foreign commerce will be protected throughout the United States and its possessions (*Baglin* case); that registration under the Act of 1905 confers definite rights and entitles the registrant to protection in his use of trade-marks so registered (*Davids* case); that such protection includes the right to recover profits from the sale of goods sold under an infringing mark even in territory not yet reached by the prior user's trade (*Hamilton-Brown* case); that protection will not be afforded as against a subsequent user who innocently, in good faith, without knowledge of prior use, uses the mark in intrastate trade in territory in which the goods of the prior user have not been sold (*Han-*

over v. *Metcalf*, and *Rectanus* case); and that in a case where interstate or foreign commerce is not involved, registration under the Act of 1905 will not aid the prior user (*Griggs* case).

In none of these cases was the question raised as to the right of one of two competitors who owns federally registered trade-marks, with full knowledge of the trade-marks of the other, and of his rights therein, deliberately to go into territory unoccupied by the other and to attempt to deprive such territory of the benefits of competition and to debar his rival from any use of his trade-marks in such territory.

THE PROTECTION OF TRADE-MARKS REGISTERED UNDER THE ACT OF 1905

In 1916, the Second Circuit Court of Appeals decided *Standard Brewing Co.* v. *Interboro Brewing Co.*, 229 Fed. 543, which was brought for infringement of a trade-mark registered under the Act of 1905. Lacombe, J. there said, p. 544:

> "Trade-mark registered under the statutes of the United States is declared upon. The rights which a person obtains by registration of a trade-mark under those statutes are coterminous with the territory of the United States."

The Hanover case was decided two months later, but neither the Hanover case nor the Rectanus case, decided in 1918, affect the decision of the 2nd Circuit Court, because neither of these Supreme Court cases concerned registrations under the Act of 1905, nor was interstate commerce involved. An interesting comment on this situation was made in *Letts* v. *H. Kuhn & Sons*, 130 M. S. D. C. 285, 9 T. M. Rep. 314-15, 1919, by Commissioner of Patents Newton, who said:

> " 'Owned' in the statute has heretofore been construed to mean owned anywhere in the United States. Similarly, 'in use' has been construed to mean in use

anywhere in the United States. This interpretation may be changed in view of the decision of the United States Supreme Court in *United Drug Co.* v. *Theodore Rectanus Co.*, 257 O. G. 1082 (9 T. M. Rep. 1), holding in effect that an unregistered trade mark is valid in or covers only the territory where it is known or where its reputation has been established. To so construe the present trade-mark statute would logically lead to the registration of the same mark for the same goods to different sections of the United States. Indeed, if the courts should apply the doctrine announced in the *United Drug Co.* v. *Rectanus*, supra, to registered trade-marks, it will probably call for an amendment of the present trade-mark statute, but it is noted that the marks in litigation in that case had not been registered. and until the courts specifically apply that doctrine to marks registered under the present statute, the office should follow its long line of practice and regard a registered mark as known and its use as extending throughout the United States. (See *Ball and Gunning Milling Co.* v. *Mammouth Spring Milling Co.*, 259 O. G. 183, App. D. C., (9 T. M. Rep. 73)."

The decision was affirmed by the Court of Appeals of the District of Columbia, *H. Kuhn & Sons* v. *Letts*, 285 Fed. 970, 1923. That Court said (P. 972):

"Nor is there anything in *Hanover Star Milling Co.* v. *Metcalf*, 240 U. S. 403, or *United Drug Co.* v. *Rectanus*, 248 U. S. 90, which supports appellant, although its counsel places very much stress upon both cases. The question of registration, the one with which we have to deal, was not present in either of the cases. In the Hanover case the plaintiff sought an injunction to restrain the use of the mark by the defendant on the assumption that it was damaged thereby. The question for decision was as to whether or not it was, or would likely be, so damaged. The court noted that neither party had registered its trade-mark under any act of Congress or under any law of any state, and that because of this the question involved had to 'be decided according to common law principles of general application.' The Rectanus case was also based on equitable considerations alone. It was contended that the Rec-

tānus Company should be restrained from the use of the mark on the theory that the United Drug Company had the prior right to it, and that its use by the Rectanus Company damaged it. The mark was not registered under the act of 1905, and was not renewed under section 12 of that act (Comp. St. Sec. 9497). 'Hence,' said the court, 'we need not consider whether anything in this act (1905) would aid the petitioner's case.' As we have said, neither case throws any light upon the question with which we are concerned here."

In *Larson* v. *Wrigley*, 20 Fed. (2nd) 830, the extent of an accounting in a trade-mark infringement action was involved. A similar question to that involved in the Hamilton Brown case, and as in that case, so here, the 7th Circuit Court granted recovery of the entire net profits of the infringer irrespective of the territory covered by the sales of the infringed product.

The Court referred to the impossibility of proving that individual users would have purchased the plaintiff's product if it had not been for the infringement, and added (P. 831):

> "Neither could it be known into what territory Larson would have pushed its trade, but for Wrigley's oppressive and forestalling practices. The entrant into a field of endeavor might, thus early in his business career, be throttled and eliminated from competition, and his distinctive trade dress seized and used by a powerful opponent, with no measure for affording adequate relief. The more flagrant, and therefore the more effective, the invasion of another's rights, the more certain and complete would be the invader's immunity."

In *Jacobs* v. *Iodent Chemical Co.* 41 Fed. (2d) 637, C. C. A. 3rd Cir. 1930, the equitable theory of the Hanover case was carried one step further by the restriction of a prior local user to territory less in area than that of a state. Defendant, the prior user, was granted exclusive rights, restricted, however, to his own stores in the City of Paterson and to retail customers only. The remaining territory was

left open to plaintiff, the Iodent Chemical Company, which had adopted the mark innocently and *in complete ignorance of defendant's prior use*, and had used and advertised it widely. As to the Rectanus and Hanover cases, Judge Woolley says, (P. 639):

> "In both decisions the court gave the prevailing party a whole state for its trade-mark territory. This was in consonance with the concurring opinion of Mr. Justice Holmes in the Hanover Mills Case, in which he said in substance, that while he agreed with the decision of the court and with its reasoning, "so far as it goes," yet it seemed to him that as trade-mark rights are conferred by the sovereignty of the state in which they are acquired and with which the Congress has nothing to do when marks are used in commerce wholly between citizens of the same state, Trade-Mark Cases, 100 U. S. 82, 25 L. Ed. 550, state lines are of importance, for it is only when one seeks to pass state lines with his mark that he may find himself limited by what has been done under sanction of a power coordinate with that of the state of origin and paramount over the new territory concerned. In a word, that a state should be the unit to which courts should direct their judgments."

The decision in this case is based on two grounds: (1) The good faith of the second user; and (2) estoppel. As Judge Woolley puts it (P. 640):

> "The controlling facts of this case as affecting territory of the whole state of New Jersey as a field for Jacobs' use of his trade-mark are, in addition to those we have recited, that when the Iodent Company went into that state, in ignorance of his trade-mark, and expended its efforts and money in establishing and expanding a business for its tooth paste under the trade-mark, Jacobs did nothing. He knew what it was doing. Later, it is true, he notified it of his mark. That was all. He stood by and let the Iodent Company occupy territory which was normally his and which, had he exercised proper diligence, could not be wrested from him. Moreover, he not only stood by and watched the Iodent Company develop its trade throughout the State of New Jersey with what he claims, and what the

court has found, to be his trade-mark, but he actually assisted in developing its trade by selling the plaintiff's tooth paste bearing his own trade-mark."

In *Western Oil Refining Co.* v. *Jones*, 27 Fed. (2d) 205, 6th Circuit 1928, the entire sovereignty (i.e., a state) was recognized as a unit for normal trade expansion, where a second comer was enjoined from the use of an infringing name though the prior user had not made sales in either of the two places where defendant was engaged in business.

In *Lawrence-Williams Co.* v. *Societe Enfants Gombault Et Cie*, 52 Fed. (2d) 774, 6th Circuit, 1931, Judge Denison stated that under the Hanover and Rectanus cases (P. 777)

> although a plaintiff has duly adopted a proper trade-mark and is carrying on (interstate) business under it, yet if he has not occupied with his business a certain part of the territorial field (or, at least, if he has unreasonably delayed so to do) a defendant may adopt the same trade-mark in that unoccupied territory and acquire *at least an efficient defensive right.*

THE DECISIONS IN THE HANOVER AND RECTANUS CASES ARE LIMITED TO THE FACTS IN THESE CASES, PARTICULARLY TO THE FACT OF THE GOOD FAITH OF THE PARTIES.

The decisions in the cases decided since these cases and on their authority, show increasing emphasis on the presence or absence of good faith, and whether either side has knowledge or notice of what was being done by the other, or whether one party occupied new territory with full knowledge of the rights of his competitor.*

That the facts in both the Hanover and Rectanus cases are unique was recognized by Mr. Justice Pitney, who, in the Hanover case said (P. 420):

> "The case is peculiar on its facts; and we have found none precisely like it. The recent case of *Rectanus Co.* v. *United Drug Co.*, 226 Fed. Rep. 545, 549, 553 (C. C. A. 6th), is closely analogous."

---

* See National Circle Daughters of Isabella v. Nat. Order D. I., 270 Fed. 192, 202 (C. C. A., 2nd Cir.); Aunt Jemima Mills Co. v. Rigney, 247 Fed. 407, 409 (C. C. A., 2nd Cir.); R. H. Macy & Co. v. Macys, Inc., 29 Fed. (2d) 158.

Good faith was stressed in *Ammon & Person* v. *Narragansett Dairy Co.*, 262 Fed 880, C. C. A. 1st Cir. 1919, in which was applied the theory of the *Rectanus* case, which had been decided only three days before. The District Court had said (254 Fed. 208, 209), with reference to the Hanover case, that the case was important for the recognition that it gives to the rights of one who, *in good faith and without notice*, has built up a trade in a special territory.

The facts of this case are interesting. The plaintiff and its predecessors had used the mark "Queen of the West" on oleomargerine since 1891, and from 1909 to 1915, Narragansett Dairy Co., not the defendant, innocently used the name "Queen" on oleomargerine sold in another territory. In 1915 the assets of this company were seized for taxes, bought at sale and transferred to the defendant, which continued the use of the mark "Queen." Plaintiff's and defendant's businesses were carried on partly in the same geographical territory but always with each in ignorance of the other, and each reaching only its own customers. Plaintiff contended, however, that the word "Queen" alone "had become so associated with plaintiff's goods that it meant to the public plaintiff's goods"; but the evidence was held insufficient to support the contention.

An injunction was granted to the plaintiff as prior user of the "Queen" mark. The Circuit Court of Appeals based its affirmance of the injunction on its ruling that the Narragansett Company had not succeeded to the rights of the earlier Narragansett Company in the trade-mark. The defendant, however, had based its claim, not on its successorship to the Narragansett Company, but rather on plaintiff's failure to enforce exclusive right to its trade-mark. As to this, the Circuit Court of Appeals said (P. 884):

> "This is not the sound view. The Plaintiff, as the original adopter of the trade-mark 'Queen' or in which 'Queen' was the dominant word, would have been entitled to enjoin any other later infringing user of that word, had it not been for the equal equity accruing to

the earlier Narragansett Company out of its adoption, in good faith, of essentially the same name, and continued use thereof in a market essentially separate from that of the plaintiff. The failure of the plaintiff prior to 1909 to occupy exclusively the field subsequently occupied in part by the earlier Narragansett Company did not, when that earlier company abandoned its business, open the door to the defendant or to any other volunteer to use the plaintiff's trade-mark, or any colorable imitation thereof, at least in a territory then in part occupied by the plaintiff and a field in which its business was expanding.

"We reach, therefore, the same conclusion as to the plaintiff's right to an injunction reached by the court below; but, guided by the decision of the Supreme Court in the Rectanus Case, on different grounds."

In *General Baking Co.* v. *Gorman*, 3 Fed. (2d) 891, defendant, a local Rhode Island baker, used a trade-mark similar to plaintiff's, before the plaintiff extended its use into Rhode Island. Defendant was held to have rights superior to those of the plaintiff. The case is distinguishable from the present case on several points:

First, interstate commerce was not involved. "So far as appears, the plaintiff's Rhode Island trade was entirely intrastate as was the defendant's * * * For this, as well as for other fully adequate reasons, it is impossible to attach any significance to its federal registration of its trade-mark for interstate business." (P. 893).

Second, defendant adopted its mark in good faith, without knowledge of prior use of a similar mark by plaintiff, and the case was held to fall within the doctrine of the Rectanus and Hanover cases. The District Court whose decision was affirmed said, after quoting from the Rex case, (295 Fed. 168, 172):

"While this paragraph seems to recognize that a proprietor of a trade-mark is not without a right to protection against intentional interference with the natural expansion of his trade and to protection against trade limitation in an attempt by others to profit by

the reputation of what he has originated, this record presents no question of that character."

Third, in the decision of the First Circuit Court of Appeals, based largely on this point, it was pointed out that the case involved the right of the sovereign State of Rhode Island (P. 89): "to protect its citizens in the good-will of their business" of which right it could not be deprived by the federal registration of a trade-mark. The case went no further than to hold that a defensive right existed. It did not even imply any right on defendant's part to prevent the plaintiff from selling its goods in Rhode Island.

The following cases have been distinguished from the Hanover and Rectanus cases, because in them it was shown that the defendant had acted with knowledge of plaintiff's trade-mark and hence had not acted in good faith.

In *Vermont Maple Syrup Co.* v. *F. M. Johnson M. Syrup Co.*, 272 Fed. 478, plaintiff using a mark as licensee of the defendant went into new territory and there tried to establish rights superior to those of his licensor and even registered the trade-mark of his licensor, but on the application of the latter the registration was revoked.

"The Vermont Company now claims that, as it was the first one to use the trade-mark in that territory, it thereby acquired the exclusive right to the mark, notwithstanding it was using it as a licensee of the Johnson Company, and it seeks to enjoin that company from using the mark in that territory. To support this proposition it relies on *Hanover Star Milling Co.* v. *Metcalf*, 240 U. S. 403, 36 Sup. Ct. 357, 60 L. Ed. 713, and *United Drug Co.* v. *Rectanus Co.*, 248 U. S. 90, 39 Sup. Ct. 48, 63 L. Ed. 141, but no such rule was adopted in either case. There different persons had in good faith adopted the same trade-mark, and each established and built up his trade in distant sections of the country from each other, without knowing of the other's mark or trade, and it was held that each should be protected in his territory, regardless of which person first used the mark; but in the case at bar, the Vermont Company knew that the trade-mark had been

adopted and used by the Johnson Company in its business in Ohio and in other sections of the country for a long time before the Vermont Company commenced using the trade-mark under its license, and consequently the cases are not authority for the proposition advanced."

The licensee was held liable for damages to the licensor on account of its sale under the trade-mark after revokation of the license and also was enjoined from further infringing that trade-mark.

In *Sweet Sixteen Co.* v. *Sweet "16" Shop,* 15 Fed. (2d) 920, defendants (P. 921) "with full knowledge of its use by plaintiff" began to use for its Utah business a name similar to the name under which plaintiff had been carrying on business in California for several years and which it had advertised in periodicals which also were read in Utah. Both parties relied largely on the Hanover and Rectanus cases. The 8th Circuit Court of Appeals stressed the evidence of prior notice which was "conclusively shown by the telegram sent to Provol, notice to whom as a partner was notice to Wrigley" and which was corroborated by other evidence, and, on the facts, distinguished the case from the Rectanus and Hanover cases.

"Not only, we repeat, are we of the opinion that the instant case is within what seem to be the very plain exceptions to the general rule as pointed out in the above cases, but that the above facts of notice of prior use, the quantum of such use, the solicitation of trade, and the advertisements of plaintiff in the Salt Lake City territory of trade, bring the case within settled rules not at all disturbed by the above-cited leading cases."

The general rule, as it is stated in this case, is

"that, while the first appropriator and user of a trade-mark owns such mark and is entitled to protection by the courts in the use thereof, against subsequent users on the same class of goods, such protection will not be

afforded as against a subsequent user and appropriator, who *in good faith* adopts and uses the mark in territory into which the goods of the first appropriator have not penetrated and have not been used or sold."

See also *Terminal Barber Shop* v. *Zoberg*, 28 Fed. (2d) 807, 2nd Cir. 1928.

Buckspan v. *Hudson Bay Co.*, 22 Fed (2d) 721, C. C. A., 5th Cir. 1927. Buckspan was enjoined from using the name "Hudson Bay Fur Co." or a similar name, in spite of the fact that his use was in the City of Dallas where, at the time, the plaintiff, Hudson's Bay Co., had no customers and had made no sales, because of the wide reputation of plaintiff throughout the English speaking trade of the world. It was inferred

> "that the reason for so imitating appellee's name was to secure the advantages which would result from a supposed connection with a historically famous collector of and trader in furs."

Again, the rule was stated that

> "the second adopter of a trade-mark or trade-name is not entitled to protection in the use of it, when his use thereof amounts to an attempt to sell his goods as those of the other user of the name or mark, *or it appears that he selected the mark or name with a design inimical to the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like.*" (Italics supplied.)

citing the Rectanus, Hanover and Sweet Sixteen cases.

The same name was litigated in *The Governor, etc., Trading into Hudson's Bay* v. *Hudson Bay Fur Co.*, 33 Fed. (2d) 801 (District of Minnesota, 1928).

Again the local user relied on the Hanover and Rectanus cases. As to these the court said (p. 808):

> "These cases are easily distinguishable from the situation here. The rules there promulgated were a nec-

essary development of the law in the application thereof to cases where, in entire good faith, each of two persons or trading concerns, in widely separated areas, adopt the same name or device in the conduct of their respective business ventures, without either one knowing of the other, or of what is being done by him; and where considerable sums of money have been spent in developing the business of each, and a substantial measure of success by each has been achieved before either knew of the existence or activities of the other. The outstanding feature of such cases is that the second person or trading concern to adopt the name or device was in entire ignorance that the same name or device had previously been adopted by another in the same business, and that the second acted innocently and in good faith. The two authorities last above referred to thoroughly recognize the general underlying rule first above set forth, and then work out the necessary distinctions which must be made when the facts are such as were there before the courts."

In *R. H. Macy & Co.* v. *Macys, Inc.*, 39 Fed. (2d), 186, defendant was enjoined from using the name "Macy's" in spite of the fact that the business of the plaintiff, R. H. Macy & Co. did not extend into Oklahoma, where defendant's business was established. With reference to the Hanover case, the court said (P. 188):

"The case was determined upon the precise facts and circumstances involved, which facts are entirely different from those herein presented." * * * "In the instant case, the defendant should be enjoined from using the name Macys; first, because of the willful appropriation of the name with knowledge of its identity with plaintiff, and, secondly, because the adoption of the name is calculated to cause purchasers to falsely believe that the defendant is connected with the plaintiff. That plaintiff is entitled to injunctive relief in such a case has been judicially determined in cases involving similar facts. *Buckspan* v. *Hudson's Bay Company* (5 C. C. A.) 22 F. (2d) 721; *Sweet Sixteen Co.* v. *Sweet "16" Shop, Inc.* (8 C. C. A.) 15 F. (2d) 920."

Facts dehors the Record

The use by Respondent on this appeal of facts and documents *dehors* the record, puts the petitioners in this position: If they remain silent, they risk their rights; if they protect themselves, they, too, must go outside the record. We, therefore, submit below an answering statement as to these facts, should this court for any reason go outside of the record.

1. Wm. A. Rogers, Ltd., (of Canada) is in existence; it is responsible for its debts, and a judgment here has been issued against it for profits and damages. Decidedly this is not a "moot" case for its stockholders.

2. Respondent says that the right to the use of the word ROGERS (simpliciter) is now in litigation in a case in the Northern District of New York (pp. 6, 45); that statement is not candid and is in effect an untruth, because it states only part of the truth. The fact is that the Oneida Community Limited sued the International Silver Company for unfair competition in the Supreme Court of New York, New York County, before this Northern District case was brought. Had the Silver Company allowed this state case to come to trial, it could have been tried, appealed, and finally disposed of long ago. Instead it removed that case to the Federal Court, where it still awaits trial, went to the Northern District, and there brought on a new case.

3. Obviously the Silver Company is still at work attempting to monopolize the word ROGERS, which, after over thirty years efforts, it has been unable to do, and obviously it is attempting to use this appeal to obtain from this Court some expression it can use in the pending litigation. The rule in *Mills* v. *Green*, 159 U. S. 651, we believe, does not support such a project.

Quality

The insinuations in respondent's brief that petitioners' goods are "cheap" are not borne out by the evidence.

"They all manufacture different grades or qualities, the International Silver Company, Rogers, I mean,

William A. Rogers, Ltd., with whose goods I am familiar, are grade for grade known in business as being of the same grade or quality. The nickel-silver of the International and the nickel-silver of William A. Rogers, Ltd., are sold by the manufacturers at almost the same prices in the United States and the prices of the other goods are approximately the same, with the exception that the best grade of the International Silver Company is the type 1847, and the best quality of William A. Rogers, Ltd., is known in the market under the name of "Heirloom Plate," which is of better quality than the 1847 of the International Silver Company." R. 104.)

The fact is then that the best quality of Rogers goods sold in the Islands was sold by Wm. A. Rogers, Ltd.

EVIDENCE TENDING TO SHOW MERELY MISUNDERSTANDING AS TO THE SOURCE OF GOODS IS NOT A BASIS FOR AN INJUNCTION FOR UNFAIR COMPETITION.

Cohen v. *Nagle*, 190 Mass. 4; 76 N. E. Rep. 276—(1906). "There has been no fraudulent imitation of his manner of packing and marking his goods, unless he has acquired a certain right of property, which the law recognizes, in the word 'Keystone' as applied to cigars of his manufacture. If he has such a right, it is a fraud upon him or the defendants to use the word in selling cigars in such a way as to mislead the public and thus deprive him of a valuable part of the trade that fairly belongs to him from those who wish to buy goods made at his factory. If he has no such right, it is not fraudulent for the defendants to use this word, if they avoid all other misleading methods, even though the reputation of the goods which have been marked with it will give the defendants profits resulting indirectly from the market which the plaintiff has helped to create. Although it is some times said that every trade-mark case is founded upon fraud actual or constructive, the ultimate question is whether there is a right in the plaintiff which the law recognizes and enforces. The fraud is in the violation of such a right, through deception of the public."

See also *Canal Company* v. *Clark*, 13 Wall (80 U. S.) 311, 327, where it is said, "Purchasers may be mistaken, but they are not deceived by false representations, and equity will not enjoin against telling the truth."

American Washboard Co. v. *Saginaw Mfg. Co.*, 103 Fed. 281, 285. (6th Cir);

Borden Ice Cream Co. v. *Borden's Condensed Milk Co.*, 201 Fed. 510, 514. (7th Cir. 1912);

Armstrong Cork Co. v. *Ringwalt Linoleum Works*, 236 Fed. 458, (D. N. J. 1916).

In *Royal Baking Powder Co.* v. *Federal Trade Commission*, 281 Fed. 744 (2nd Cir. 1922), Judge Rogers pointed out some of the above cases occurred before the Federal Trade Commission was created and that the rule as to confusion in these cases was one of the reasons for the establishment of that commission.

Andrew Jergens Company v. *Woodbury*, 273 Fed. 952 (D. Del. 1921, aff'd 279 Fed. 1016), where Judge Morris said, "such confusion as does exist arises from the exercise of the legal rights of the respective parties, and not from any wrongful act of the Distributors. Such confusion seems wholly attributable to the fact that two separate and distinct corporations, deriving their title from a common source, have the right to use the same mark and name upon different articles and preparations of the same class," etc.

Respondent's Appendix of Rogers Cases

Of the thirty or more reported cases involving the term ROGERS in the silver industry, the Respondent here quotes from seventeen, with emphasis on the features of them favorable to it. If the facts coincided with this enthusiastic statement of the right of the Silver Company to the word ROGERS, it is inconceivable that it would have made no attempt to enforce such rights in twenty years. But this is the fact, for the last attempt of the Silver Company to enjoin any trade-mark of Wm. A. Rogers, Ltd., was about twenty years ago. During this long period others have been

using ROGERS trademarks. This appeal is but further evidence that the Silver Company (not a party to these cases) hopes it may be able to obtain from this appeal some comfort and aid in its defense of our suit against it for unfair competition. One of the specific acts we charge is the use of loose claims as to its rights to the word ROGERS (simpliciter). The language used in this appendix is an example of such claims.

WILLIAM CATTRON RIGBY,
MINTURN DE S. VERDI,
JAMES J. KENNEDY,
MARION L. SEVERN,
of Counsel.

HARRY D. NIMS,
Attorney for Petitioners.

ADDENDUM TO PETITIONER'S REPLY BRIEF

LOCAL RIGHTS CLAIMED BY RESPONDENT

Respondent asserts that the whole question is a local affair; that the judgment deals only with local conditions. It says that the judgment—

> "in no way interferes with the importation of goods of petitioners or the sale of their goods in original packages. The infringement in this case and the unfair competition had only to do with local transactions." (Page 50.)

It suggests the reformation of the judgment to confine its operation to 'selling local trade in the Philippine Islands' (p. 50).

There is no evidence that Wm. A. Rogers, Ltd. ever sold goods at retail. This case does not involve local sales. Of the sales involved in these actions, 95% were direct consignments to dealers in the Islands (Indents, as they are called, are 101, 114, 115). The other 5% were shipments C.I.F., and this 5% were direct orders by American Trading Company—

> "delivered to the customers. * * * * It is a sale. We pay the price upon arrival here, we collect from the customer and pay what has to be paid for the sale tax, and pay the factory on our own account." (R. 115.)

The American Trading Company is not a retailer. "We do not sell to the public * * * *." (R. 52.)

Even if there were evidence of a single local sale found to infringe any right which Heacock might have acquired in the name Rogers (simpliciter) in the Philippine Islands, or which International Silver Company might have acquired there during the years before Wm. A. Rogers, Ltd., ware was sold in that territory, this could be no more than a defensive right. The cases cited by respondent on pages 35–42 hold no more than that a prior user of a mark, extending his use into new territory, and finding there a local user, who has established rights in intrastate trade, can not assert his superior rights and prohibit that local use. In none of these cases is it held that the local user can prohibit the prior user from selling goods under his mark in that territory in interstate commerce, or otherwise. In *Lawrence-Williams Co.* v. *Societé Enfants*

Gombault et Cie, 52 Fed. (2nd) 774, 77 (Sixth Circuit, 19
Judge Denison says that under the Hanover and Rect
cases—

> "although a plaintiff has duly adopted a proper tr
> mark and is carrying on (interstate) business unde
> yet if he has not occupied with his business a certain
> of the territorial field (or, at least, if he has unreason
> delayed so to do) a defendant may adopt the same tr
> mark in that unoccupied territory and acquire *at leas*
> *efficient defensive*" (Italics supplied),

suggesting that this Court so far has held no more than
a defensive right was granted under these conditions.
Huebschman v. *Charles of the Ritz*, 46 Fed. (2nd) 557,
the Eastern District Court of New York admitted that—

> "It may well be that Charles H. Ritz could not
> cessfully prevent the plaintiff or anybody else from
> the name 'Ritz' on toilet articles in markets not hereto
> sought by him; *but that is quite a different thing from as*
> *ing that because he could not maintain such exclusive r*
> *the plaintiff can.* For the foregoing reasons, I there
> believe the plaintiff's rights must be limited to the spe
> trade-mark registered."
> (Italics supplied).

Petitioners, therefore, believe that even if this were a
involving purely local sales (of which there is no evidenc
the record), respondent's right would be no more than
right to defend any action which might be brought by p
tioners to prevent the use of some mark which they m
claim infringed the trade-marks of Wm. A. Rogers, Ltd.